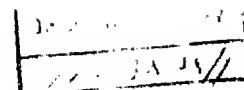


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12 October 1971
DIS-71/10

MEMORANDUM FOR: Acting Executive Director-Comptroller

SUBJECT : Upgrading of DDP Computer Central Processing Unit

REFERENCE : Memorandum dated 17 June 1971, SG-71/157

1. In July of 1971 the Ex. Dir.-Compt. approved the sale of the Agency's 360/50 CPU and the acquisition of a 370/155 in its stead. At the time of this approval the going price for a 360/50 was approximately \$640,000, and its sale to GSA for \$600,000 seemed advantageous both to the Agency and to GSA. This sale fell through.

2. Negotiations with GSA concerning their acquisition of our computer have continued. In the interim IBM has revised its pricing policies, and the market for used computers has deteriorated. According to the best data we can obtain, the current market value of this CPU is in the neighborhood of \$540,000, if you can find a buyer. GSA has come up with a firm offer to purchase our machine for \$500,000. This figure seems to be a reasonable one between two government agencies, and the CS remains anxious to have two compatible units so as to proceed with the early implementation of main index search.

3. Your approval to sell the 360/50 to GSA for \$500,000 and to proceed as outlined in reference is requested.



IS, Deputy for Systems

25X1A

APPROVAL:



Acting Executive Director-Comptroller

18 Oct 71
Date

25X1A

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